



Press Release
VATIKA HOTELS PRIVATE LIMITED
December 23, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	700.00	ACUITE BBB Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	700.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating to '**ACUITE BBB**' (read as **ACUITE triple B**) on the Rs. 700 Cr. bank facilities of Vatika Hotels Private Limited (VHPL). The Outlook is '**Stable**'.

Rationale for Rating

The assigned rating reflects the company's established operational track record and the management's extensive experience, having successfully managed two five-star hotels for over a decade. The rating draws additional comfort from the long-term (25-year) agreement with Marriott International Group, under which both hotels operate as Westin-branded properties. The rating also incorporates the year-on-year increase in Average Room Rate (ARR) and occupancy, reflecting improved scale of operations and profitability.

The company has a history of multiple refinances with various NBFCs, financial distress during the pandemic, and subsequently high-cost debt with Edelweiss ARC and NCDs from Edelweiss fund. The company plans to refinance its entire debt, which should lower finance costs and extend repayment tenure. Further, in April 2022, Vatika Hotels Private Limited demerged its facility management and business centre verticals into its two separate fully owned subsidiaries through Business Transfer Agreement (BTA) i.e. Enviro Integrated Facility Services Private Limited and Vatika Business Centre Private Limited. As per BTA, the arrangement follows as the subsidiaries pay interest income are channelled to the holding company i.e. Vatika Hotels Private Limited, which records this amount as other income. Vatika Hotels uses these funds to further pay their own high interest-bearing debt obligations. However, timely refinancing of the debt will remain a key monitorable in the near to medium term.

However, the rating is constrained with moderate financial risk profile along with demand risk and presence in a highly competitive industry.

About the Company

New Delhi based, Vatika Hotels Private Limited was incorporated in 2004. Vatika Hotels Private Limited is a subsidiary of Walif Developers Private Limited. The company is currently managing two five-star hotels under The Westin brand owned by Marriott International. The company is managed by Mr. Naveen Bakshi and Mr. Gaurav Bhala as directors.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has considered the standalone business & financial risk profile of Vatika Hotels Private Limited (VHPL) to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations along with experienced management

The Westin brand already have a well-established presence in the hospitality industry. The company is headed by Mr. Gaurav Bhala, the Managing Director, who brings nearly two decades of overall experience in hospitality, real estate and facility management business ventures. Both hotels enjoys a significant locational advantage, situated at the heart of Gurgaon, Haryana with excellent access to major transit routes, including the Delhi International Airport, Delhi-Mumbai Vadodara Expressway, and NH-8. Acuite believes that company will able to sustain the business risk profile in near to medium term on account of long term tied with Marriott International.

Improving scale of operations & Profitability

The company generated net revenue of Rs. 323.67 cr. in FY 25 against Rs. 289.6 cr. in FY 24 which was increased from Rs. 251.38 cr. in FY 23. The company's operations are improving year on year mainly due to improving occupancy level (%), Average Room Rent, and Rev Par per room. The company's operating margin rose from 40.45% in FY 24 against Rs. 42.74% in FY 25. In absolute terms, the EBITDA improved to Rs. 138.32 cr. in FY 25 against Rs. 117.14 cr. in FY 24. The net profit improved from Rs. 14.10 cr. in FY 24 to Rs. 50.23 cr. in FY 25 supported by interest income from its own subsidiaries as per the agreement.

Weaknesses

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by net worth, gearing & ISCR. The tangible net worth of the company has improved from Rs. 170.94 cr. in FY 24 to Rs. 221.19 cr. in FY 25 mainly due to accreting of net profits into reserves. The gearing ratio improved & stood at 2.93 times in FY 25 against 4.03 times in FY 24. Similarly, the TOL/TNW improved & stood at 3.47 times in FY 25 against 4.56 times in FY 24. Interest coverage Ratio stood at 1.45 times for FY 25 against 1.26 times in FY 24. Debt-EBITDA & ROCE stood at 3.46 times & 19.51% respectively for FY 25. Further, the company has extended substantial loans and advances to group entities in the past. While a small portion of these loans is being recovered year on year, further recovery of the same in near to medium term will improve the cashflow of the company. Timely recovery of these loans & advances will be a monitorable in near to medium term. Although, any delay in the recovery of this amount may not impact the repayment obligation of the company, since the it will be solely based on the operating cashflows of the hotel business.

Acuite believes going forward the financial risk profile of the company will improve on the account of steady accruals and expected re-financing of debt.

Exposure to a Competitive and Cyclical Industry Environment

The Indian hospitality industry is highly competitive, with many organised and unorganised players operating across various regions. The sector is inherently cyclical and remains vulnerable to economic fluctuations and seasonal demand variations. The low entry barriers have led to increased competition from both established and upcoming hotels, which may pose challenges to company's market positioning and operational performance. However, the medium-term outlook for the industry remains positive, supported by anticipated growth in commercial activity, tourism, and rising disposable incomes.

ESG Factors Relevant for Rating

The hotel industry is increasingly adopting Environmental, Social, and Governance (ESG) principles as a strategic imperative, driven by growing traveler and investor demand for sustainability. Environmentally, hotels focus on reducing their significant carbon footprint through energy and water efficiency, waste minimization (especially single-use plastics), and sustainable sourcing. Socially, efforts concentrate on responsible labor practices, promoting diversity and inclusion, supporting local communities through sourcing and engagement, and combating human trafficking. Governance involves maintaining transparent reporting, ethical leadership, and strong risk management. Embracing ESG creates long-term value, enhances brand reputation, and ensures operational resilience.

Rating Sensitivities

- Timely refinancing of outstanding debt.
- Movement in the scale of operations & profitability

Liquidity Position

Adequate

The liquidity position is adequate as company made pre-payment of their principal debt obligation till 30th September 2026 from their operating cash flows & internal accruals. The current ratio stood at 1.60 times for FY 25. The company has a cash & bank balance of Rs. 11.54 cr. as on 31st March 2025. Acuite believes going forward the liquidity position of the company will improve on the account of steady accruals.

Outlook - Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	323.67	289.58
PAT	Rs. Cr.	50.23	14.10
PAT Margin	(%)	15.52	4.87
Total Debt/Tangible Net Worth	Times	2.93	4.10
PBDIT/Interest	Times	1.45	1.26

Status of non-cooperation with previous CRA (if applicable)

None.

Any other information

None.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not Applicable.

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	700.00	Simple	ACUITE BBB Stable Assigned

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About Acuité Ratings & Research

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